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Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Financial performance report of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters

Report of the Secretary-General

Summary

The present report is submitted pursuant to paragraph 13 of General Assembly resolution 54/269 of 15 June 2000, in which the Assembly requested the Secretary-General to provide an updated report in one year on the financing of the United Nations Protection Force (UNPROFOR), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Peace Forces headquarters.

The report contains updated information on amounts owed to troop-contributing Governments, expenditures, cash position and unpaid assessed contributions.

The action to be taken by the General Assembly is set out in paragraph 17 of the present report.

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Contents

		Paragraphs	*Page*
I.	Introduction	1–4	3
II.	Status of reimbursement of troop-contributing Governments	5–7	3
	A. Troop costs	5	3
	B. Contingent-owned equipment	6	3
	C. Other claims	7	4
III.	Updated financial performance report	8–11	4
IV.	Amounts required for reimbursement of contingent-owned equipment	12–16	6
V.	Action to be taken by the General Assembly	17	7

I. Introduction

1. The financial performance report on the United Nations Protection Force (UNPROFOR), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Preventive Deployment Force (UNPREDEP) and the United Nations Peace Forces headquarters covering the period from 12 January 1992 to 31 December 1999 was contained in the report of the Secretary-General (A/54/803) dated 17 March 2000.

2. It was indicated in that report that the unencumbered balance of appropriations from inception of the mission up to 31 December 1999 amounted to $304,179,027 gross ($304,955,370 net). Of those amounts, $179,899,700 gross and net needed to be retained to settle outstanding government claims, leaving a surplus of $124,279,327 gross ($125,055,670 net).

3. By paragraph 10 of its resolution 54/269 of 15 June 2000, the General Assembly authorized the Secretary-General to retain an amount of $179,899,700 gross and net to meet the cost of outstanding government claims.

4. By paragraph 13 of the same resolution, the General Assembly decided to suspend for the immediate future the provisions of regulations 4.3, 4.4 and 5.2 (d) of the financial regulations of the United Nations in respect of the remaining surplus of $124,279,327 gross ($125,055,670 net) in order to allow for reimbursement of troop contributors and in the light of the cash shortage of the combined Forces. In this connection, the Assembly requested the Secretary-General to provide an updated report in one year.

II. Status of reimbursement of troop-contributing Governments

A. Troop costs

5. Full reimbursement of troop costs has been made. An amount of $1,358,146, however, is being held in accounts payable pending receipt of payment instructions from a troop-contributing Government.

B. Contingent-owned equipment

6. Certified claims totalling $219,991,166 in respect of amounts owed to 28 troop-contributing countries for contingent-owned equipment are being held in accounts payable as well as four certified claims for losses amounting to $15,022,361. These claims are being held owing to insufficient cash in the United Nations Peace Forces special account. Additionally, claims from 18 troop-contributing countries for losses estimated at $29 million are pending approval by the Headquarters Property Survey Board.

C. Other claims

7. Eighteen claims for goods and services provided by Governments to the United Nations Peace Forces amounting to $12.8 million were recorded in accounts payable at 31 December 2000.

III. Updated financial performance report

Table 1
Summary of resources
(United States dollars)

	Gross as at 31 December 1999	*Gross as at 31 December 2000*	*Net as at 31 December 1999*	*Net as at 31 December 2000*
1. Appropriations	5 082 586 459	5 082 586 459	5 044 754 959	5 044 754 959
2. Expenditures	4 452 507 000	4 581 943 000	4 417 943 900	4 547 379 900
Total, 1 less 2	**630 079 459**	**500 643 459**	**626 811 059**	**497 375 059**
3. Credits applied to Member States				
United Nations Peace Forces	262 589 246	262 589 246	264 274 828	264 274 828
Tribunal	63 311 186	63 311 186	57 580 861	57 580 861
Subtotal	**325 900 432**	**325 900 432**	**321 855 689**	**321 855 689**
4. **Balance of appropriations**	**304 179 027**	**174 743 027**	**304 955 370**	**175 519 370**

8. As shown in table 1 above, the unencumbered balance of appropriations has decreased from $304,179,027 gross ($304,955,370 net) to $174,743,027 gross ($175,519,370 net), a decrease of $129,436,000. This decrease resulted from the following transactions recorded during the 12-month period: additional expenditures of $179,900,000 for the settlement of government claims offset by reductions amounting to $50,464,000 from the cancellation of prior period obligations ($43,260,000) and prior period adjustments in respect of reimbursement for troop costs and contingent-owned equipment, write-offs, inter-office vouchers and other miscellaneous items ($7,204,000).

9. While there is an unspent balance of appropriations, there is no corresponding cash balance. Although the operating deficit decreased from $353,288,018 at 31 December 1999 to $305,889,451 at 31 December 2000, as shown in table 2 below, the shortage of cash in the United Nations Peace Forces special account continues to be a critical problem. It is for this reason that certified government claims have had to be placed in accounts payable.

Table 2
Financial position
(United States dollars)

	As at 31 December 1999	*As at 31 December 2000*
1. Cash balance	55 000 000	10 423 000
2. Cash requirements		
Unliquidated obligations	214 284 000	53 538 000
Amounts owed to Governments in accounts payable	14 104 318	260 828 451
Other amounts in accounts payable	-	585 000
Outstanding claims	179 899 700	-
Inter-fund balances payable	-	1 361 000
Subtotal	**408 288 018**	**316 312 451**
3. Operating deficit	(353 288 018)	(305 889 451)

10. The cash shortage referred to in paragraph 9 above is a result of the high level of unpaid assessed contributions. The status of assessed contributions to the United Nations Peace Forces as at 31 December 2000 is detailed in table 3 below. The Secretary-General again appeals to those Member States that have not paid in full their assessed contributions to the United Nations Peace Forces to do so to permit full reimbursement to be made to troop contributors.

Table 3
Status of assessed contributions
(United States dollars)

	As at 31 December 1999	*As at 31 December 2000*
1. Appropriations (gross)	5 082 586 459	5 082 586 459
2. Applied credits:		
Income from staff assessment	(26 389 659)	(26 389 659)
Unencumbered balance	(196 178 748)	(196 178 748)
Subtotal	**(222 568 407)**	**(222 568 407)**
3. Net amount assessed	4 860 018 052	4 860 018 052
4. Payment received	4 236 093 707	4 243 293 679
5. Unpaid assessed contributions	623 924 345	616 724 373

11. Over the life of the mission, all cash resources that were recorded in the United Nations Peace Forces special account, including interest income, miscellaneous income and voluntary contributions in cash, have been utilized in order to meet the operating costs of the mission. In this connection, it should be noted that no reimbursement of expenditures amounting to $127,379,954 incurred by the United Nations Peace Forces for goods and services that should have been provided without cost under the terms of the agreements with the host Governments has been

received. A summary of other income is provided in table 4 below for information purposes. In view of the continuing cash shortage of the combined forces, the concurrence of the General Assembly is sought to continue to temporarily suspend the provisions of financial regulations 4.3, 4.4 and 5.2 (d) in respect of the remaining surplus of $174,743,027 gross ($175,519,370 net).

Table 4
Other income
(United States dollars)

	As at 31 December 1999	*As at 31 December 2000*
Voluntary contributions in cash[a]	7 175 622	7 175 622
Interest income	44 914 000	46 472 000
Miscellaneous income[b]	87 549 000	87 978 000

[a] Excludes voluntary contributions in cash to the rapid reaction capacity which were returned to the Member States concerned.
[b] Includes an amount of $50,819,060 which represents the sale of United Nations Peace Forces assets to the Implementation Force contingents on an offset basis.

IV. Amounts required for reimbursement of contingent-owned equipment

12. In paragraph 11 of its resolution 54/269, the General Assembly requested the Secretary-General to present a more detailed explanation of the amounts required for reimbursement of contingent-owned equipment, including the impact of the retroactive application of the new procedures for contingent-owned equipment, in the context of the final report on the combined forces, and to reconsider the question at its fifty-fifth session.

13. The retroactive application of the new contingent-owned equipment reimbursement methodology in respect of peacekeeping operations had been addressed in a special audit carried out by the Board of Auditors concerning the application of the new contingent-owned equipment procedures. The Board's findings are contained in paragraphs 49 to 79 of its report on the accounts of the United Nations peacekeeping operations for the 12-month period ending 30 June 1998,[1] including, in paragraphs 71 to 79, its review of the reimbursement under the new and old systems.

14. It is pertinent to recall in this connection that in paragraphs 27 and 28 of his report dated 7 October 1998 on the first full year of the implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/53/465), the Secretary-General indicated that the impact of the retroactive implementation of the new procedures could only be evaluated when all relevant claims had been processed for liquidated or liquidating missions and that the definitive comparison of the two systems was not available at that time.

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. II, chap. II.

15. The Advisory Committee on Administrative and Budgetary Questions, in its related report dated 6 May 1999 (A/53/944, para. 19), stated that no useful purpose would be served by conducting a costly comparative study of the financial implications of the new and the old system. In the opinion of the Advisory Committee, such an exercise would be largely historical and would not affect what Member States would have negotiated with the United Nations, either based on the old or the retroactive application of the new procedures. At the same time, the Advisory Committee also stated that sufficient data should be made available in the context of reports on the liquidation of peacekeeping operations so as to allow a determination of the impact of the retroactive application of the new contingent-owned equipment arrangements.

16. In accordance with paragraph 4 of section I of General Assembly resolution 51/218 E of 17 June 1997, for missions activated prior to 1 July 1996, countries had the option to accept reimbursement under either the new or the old reimbursement methodology. Of the 30 Governments that provided contingent-owned equipment to the combined forces, 21 opted for reimbursement under the old system and 9 under the new arrangements.

V. Action to be taken by the General Assembly

17. **The action to be taken by the General Assembly is a decision to continue to temporarily suspend the provisions of financial regulations 4.3, 4.4 and 5.2 (d) in respect of the remaining surplus of $174,743,027 gross ($175,519,370 net) in the light of the chronic cash shortage of the combined forces.**